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FILE NO: 55430.000043

November 2, 2006

By Hand

Honorable Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20426

New York Independent System Operator, Inc.'s
Proposed Tariff Revisions Regarding the Shortening of
the NYISO's Customer Settlement Cycle

Dear Ms. Salas:

Pursuant to Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. ("NYISO") hereby submits proposed revisions to its Market Administration and Control Area Services Tariff ("Services Tariff") and its Open Access Transmission Tariff ("OATT") to shorten the timeline for finalizing NYISO Customer² settlement invoices from approximately nineteen months to approximately ten months. The proposed revisions are the second step of a two-step process by the NYISO to shorten and improve its Customer settlement cycle.³ In addition to shortening the overall settlement cycle, the proposed revisions will establish additional, intermediate deadlines for the NYISO and Customers that will support the shortened settlement cycle, including deadlines for the provision and review of various metering data used in Customer settlements.

The shortened timeframe for finalizing Customer settlement invoices proposed here will provide greater financial certainty to NYISO Customers and will limit the NYISO's exposure to bad debt losses.

¹ 16 U.S.C. § 824d (2000).

² Capitalized terms that are not otherwise defined herein shall have the meaning specified in Article 2 of the Services Tariff.

³ The first step of the two-step process was conditionally accepted by the Commission on July 12, 2006. See 116 FERC ¶ 61,029, at P 1 (2006).



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I. List of Documents Submitted

The NYISO submits the following documents:

1. this filing letter;
2. a clean version of the proposed revisions to the Services Tariff (Attachment I);
3. a redlined version of the proposed revisions to the Services Tariff (Attachment II);
4. a clean version of the proposed revisions to the OATT (Attachment III); and
5. a redlined version of the proposed revisions to the OATT (Attachment IV).

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel and Secretary
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⁴ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2004) to permit service on counsel for the NYISO in both Washington, D.C. and Richmond, Virginia.

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III. Proposed Effective Date

The NYISO respectfully requests that this filing become effective on January 1, 2007, 60 days after the date of this filing.

IV. Service List

The NYISO is electronically serving a copy of this filing on all market participants, on each participant in its stakeholder committees, on the New York State Public Service Commission, and on the electric utility regulatory agencies of New Jersey and Pennsylvania. In addition, the complete filing has been posted on the NYISO's website at www.nyiso.com. The NYISO will also make a paper copy available to any interested party that requests one.

V. Background

On July 12, 2006, the Commission conditionally accepted the NYISO's proposal to revise portions of its Customer settlement provisions located in Section 7.4 of the Services Tariff and Section 7.2A of the OATT.⁵ At the time of the filing, the NYISO indicated that the proposed revisions represented the first step of a two-step plan to improve and shorten the timeline for reviewing, challenging, and correcting Customer settlement information. The current proposal aims to implement the second and more comprehensive revision to these provisions.⁶

The current Customer settlement process begins when the NYISO posts an initial invoice for the service month. The NYISO then has an initial review period to correct settlement information as more accurate data is submitted or settlement calculation errors are discovered. This is followed by a Customer review period in which the NYISO's Customers review and may challenge the updated settlement information. Finally, the NYISO evaluates any Customer challenges and makes any additional corrections that are necessary.

⁵ 116 FERC ¶ 61,029, at P 1 (2006). The tariff revisions were accepted on the condition that NYISO file "revised tariff sheets reflecting the treatment of the initiation of ADR proceedings regarding billing disputes . . ." *Id.* The NYISO filed the requested ADR tariff language with the Commission on August 14, 2006.

⁶ As explained in previous filings, the NYISO is also working through its stakeholder process to develop expedited ADR procedures that are consistent with these revised timelines.

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If the NYISO makes any corrections to Customers' challenged invoices, Customers may review and comment on the implementation of the corrections. If during this review, an error in the implementation is found, the NYISO corrects the error, and Customers may again review and comment on the implementation. Finally, the NYISO makes any final corrections and issues a Close-Out Settlement, at which point, the completed monthly invoice is finalized and not subject to further challenges by any party absent Commission or judicial intervention.

VI. Description of Proposed Tariff Revisions

While the proposed process is similar and will retain many of the same elements as provided under the current tariffs, the timeframe for the process will be shortened considerably from approximately nineteen months under the current tariffs to approximately ten months under the proposed revisions. The proposed tariff revisions serve not only to expedite the process, creating greater financial certainty for both the NYISO and its Customers, but also to improve and clarify the settlement information provided by the NYISO to its Customers.

A. Shortening of the Customer Settlement Timeline

Presently, the NYISO has an initial review period of twelve months, in which it alone reviews all of the settlement information and makes corrections to the initial invoice on its own motion.⁷ This is followed by a four-month Customer review period, in which the NYISO's Customers review and may challenge the updated settlement information. The proposed revisions will eliminate the divide between separate NYISO and Customer review periods. Instead, there will be a single, concurrent, seven-month review period commencing from the date of the initial invoice, in which both the NYISO and its Customers can review, challenge, and correct the data as more accurate data becomes available or settlement calculation errors are discovered. Moreover, as will be discussed below, the proposed revisions will separate out generator, tie-line, and load bus metering data, which will be posted, reviewed, corrected, and finalized within their own timeframes.

⁷ The current customer settlement process applies to settlement information for services furnished on or after October 1, 2002. The pre-October 1, 2002, Customer settlement timeline allows the NYISO twenty-four months to review the settlement information and make corrections to the initial invoice on its own motion; this is followed by a twelve month Customer review period.

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B. Generator, Tie-Line, and LSE Bus Metering data

Currently, the generator, tie-line, and load bus metering data can be reviewed throughout the entire 19 month correction settlement period. Under the proposed revisions, the NYISO will finalize this information earlier in the process, and the data will not thereafter be subject to further challenge or correction by any party absent Commission or judicial intervention. The NYISO and meter authorities will provide Customers with the relevant metering data for their review early in the process, enabling them to focus on the review of other elements of the invoice for the remainder of the shortened settlement cycle.

Generator and tie-line metering will be submitted by meter authorities and posted and updated by the NYISO both during the month the service is furnished and after the issuance of the initial invoice. The data may be reviewed and challenged by Customers for fifty-five (55) days from the date of the initial invoice.⁸ The NYISO will then have an additional five (5) days to process any alterations or corrections. The NYISO will then finalize the data, and it will not be subject to further challenge or correction by any party absent Commission or judicial intervention.

Available load bus metering data will be submitted by the meter authorities within seventy (70) days from the date of the initial invoice and updated by the meter authorities thereafter as new data is collected.⁹ The NYISO will update and post the data beginning seventy-one (71) days from the date of the initial invoice. Customers may review and challenge the data, and the NYISO will process any necessary changes to the data for inclusion in the four month corrected invoice, which is released with the regular monthly invoice, on or about one hundred twenty (120) days from the date of the initial invoice. The metering authorities will submit final updates or corrections to the load bus metering data within one hundred thirty (130) days from the date of the initial invoice, and the NYISO will post the final data within one hundred thirty-one (131) days from the date of the initial invoice. Customers may then review and challenge the data for an additional fourteen (14) days. The NYISO will then have five (5)

⁸ The “days” listed in the proposed revisions are calendar days. If an established deadline falls on a Saturday, Sunday, or holiday for which the NYISO is closed, the deadline will be observed on the NYISO’s next business day.

⁹ The initial invoice is calculated using estimated metering values. As actual data becomes available, it will be submitted by the metering authorities and posted by the NYISO for Customer review and challenge according to the timelines established in these proposed revisions. Finalized invoices will reflect this reviewed and revised data.

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days to process any alterations or corrections; within one hundred fifty (150) days from the date of the initial invoice, the NYISO will finalize the data, and the data will not be subject to further challenge or correction by any party absent Commission or judicial intervention.

C. Four-Month and Six-Month Corrected Invoice Subject to True-Up

Currently the tariffs require the NYISO to provide Customers with updated invoices at the end of the NYISO's twelve-month review period. The proposed revisions require that the NYISO post advisory settlement information at the three and five-month points. The NYISO and its Customers will then have one month to review, challenge, and correct the advisory settlement information. The proposed revisions then require the NYISO to issue four and six-month true-up invoices with the regular monthly invoice on or about one hundred twenty (120) and one hundred eighty (180) days from the date of the initial invoice. These true-up invoices will provide Customers with the opportunity to review and challenge settlement information much earlier than is provided for under the current tariffs.

D. Reasonable Means of Posting and Notification

The proposed revisions will allow the NYISO to use "reasonable means" to post relevant data and notify Customers of upcoming deadlines,¹⁰ as necessary to support the proposed shortened Customer settlement cycle.

VII. Requisite Stakeholder Approval

The tariff revisions proposed in this filing were the product of approximately four months of discussion and work in the NYISO's Billing and Accounting Work Group, Billing & Price Corrections Task Force, and Business Issues Committee. The proposal was approved at the Business Issues Committee meeting on September 13, 2006, and the Management Committee meeting on September 29, 2006, by a majority show of hands with abstentions. On October 17, 2006, the NYISO's Board of Directors approved a motion directing the NYISO to file the proposed tariff revisions approved by the Management Committee.

¹⁰ Through its stakeholder process, the NYISO has created a protocol of notifying its Customers of posted data and approaching deadlines through web-postings and e-mail notifications.



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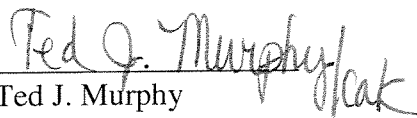
VIII. No Costs Related to Discriminatory Employment Practices

The NYISO has no expenses or costs that have been alleged or judged to be illegal, duplicate, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

IX. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed Tariff changes identified in this filing.

Respectfully submitted,


Ted J. Murphy
Counsel for
New York Independent System Operator, Inc.

cc: Shelton M. Cannon
Larry Gasteiger
Connie Caldwell
Michael A. Bardee
Kathleen E. Nieman
Dean Wight
Lane N. Hinrichs

Attachment I

with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt by the ISO.

If the ISO is unable to provide Settlement information on time due to the action or inaction of or caused by the Customer, in addition to any other remedies the ISO may have at law or in equity, the Customer shall pay interest on amounts due, as calculated above, from the first day of the month following the month in which charges are accrued to the time of payment of those charges.

7.4 Billing Disputes This Section 7.4 establishes the process and timeframe for review, challenge, and correction of Customer invoices. For purposes of this Section 7.4, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

For purposes of this Section 7.4, "finalized" data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; *provided, however*, that nothing herein shall be construed to restrict any stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.

7.4.1 Settlement Cycle for Services Furnished Prior to January 1, 2007

7.4.1.A Corrections or Adjustments to Settlement Information

Settlement information for services furnished prior to October 1, 2002, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twenty-four (24) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.4.1.C below. Settlement information for services furnished between October 1, 2002, and December 31, 2006, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twelve (12) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.4.1.C below. The ISO shall notify all Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.4.1.A.

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7.4.1.B Customer Challenges to the Accuracy of Settlement Information

After making any necessary corrections in accordance with Section 7.4.1.A, the ISO shall issue a corrected invoice for Customer review, clearly indicating the start of the Customer review period. In the event that the ISO determines no corrections to an invoice are necessary, it shall reissue the original invoice for Customer review, clearly indicating the start of the Customer review period. Customers shall then be permitted to review the accuracy of settlement information contained in the invoice for a period of: (i) twelve (12) months for invoices for services furnished prior to October 1, 2002, and (ii) four (4) months for invoices for services furnished between October 1, 2002, and December 31, 2006.

In order to challenge settlement information contained in an invoice, a Customer shall first make payment in full, including any amounts in dispute. Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Customer's challenge, and (iv) include supporting documentation, if applicable.

7.4.1.C Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.4.1.B; *provided, however*, the ISO may, upon notice to Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge.

Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes of this Section 7.4.1.C. The ISO shall not be limited to the scope of Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice.

Corrections to a challenged invoice shall be applied to all Customers that were or should have been affected by the original settlement and shall not be limited to the Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Customers through Rate Schedule 1 of the Services Tariff.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary

and can quantify them with reasonable certainty, the ISO shall provide all Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.4.1.C and shall then provide a period of twenty-five (25) days for Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Customer comment period, the ISO shall issue a finalized close-out Settlement ("Close-Out Settlement"), clearly

identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Customers to review and comment on the implementation of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.4.2 Settlement Cycle for Services Furnished On and After January 1, 2007

7.4.2.A ISO Corrections or Adjustments and Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished beginning January 1, 2007, and thereafter shall be subject to review, comment, and challenge by a Customer and correction or adjustment by the ISO for errors in arithmetic, computation, or estimation at any time for up to seven (7) months from the date of the initial settlement invoice for the month in which the service is rendered and as further provided in Section 7.4.2.B below, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Generator and tie-line metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall

then have five (5) days to process and correct Generator and tie-line metering data, after which time it shall be finalized.

- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-one (71) days from the date of the initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.
- (iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice. Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120) days from the date of the initial invoice.
- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated and corrected LSE bus metering data within one hundred thirty-one (131) days from the date of the initial invoice.

Customers may then review, comment on, and challenge the LSE bus metering data for an additional fourteen (14) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

- (v) At one hundred fifty (150) days from the date of the initial invoice, the ISO shall post updated advisory settlement information. Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue an updated corrected invoice with the regular monthly invoice issued on or about one hundred eighty (180) days from the date of the initial invoice.
- (vi) Following the ISO's issuance of an updated corrected invoice, Customers may continue to review, comment on, and challenge settlement information, excepting Generator, tie-line, and LSE bus metering data, until the end of the seven-month review period.

The ISO shall use reasonable means to post metering revisions for review by Customers and to notify Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Customer shall first make payment in full, including any amounts in dispute. Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the

basis for the Customer's challenge, and (iv) include supporting documentation, if applicable.

The ISO shall notify all Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.4.2.A.

7.4.2.B Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.4.2.A; *provided, however*, the ISO may, upon notice to Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge.

Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes of this Section 7.4.2.B. The ISO shall not be limited to the scope of Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except load and meter data as specified in 7.4.2.A. Corrections to a challenged invoice shall be applied to all Customers that were or should have been affected by the original settlement and shall not be limited to the Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Customers through Rate Schedule 1 of the Services Tariff.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.4.2.B and shall then provide a period of twenty-five (25) days for Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Customer comment period, the ISO shall issue a finalized close-out Settlement (“Close-Out Settlement”), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Customers to review and comment on the implementation of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.4.3 Settlement Information Not Subject to These Provisions

The provisions of this Section 7.4 shall not apply to settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the ISO OATT nor Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff. The NYISO shall make a filing with the

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Original Volume No. 2

Original Sheet No. 191.01D

Commission regarding the timing for correcting and finalizing settlements calculated pursuant to these provisions and shall correct and finalize those settlements on the schedule directed by the Commission.

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Attachment II

with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt by the ISO.

If the ISO is unable to provide Settlement information on time due to the action or inaction of or caused by the Customer, in addition to any other remedies the ISO may have at law or in equity, the Customer shall pay interest on amounts due, as calculated above, from the first day of the month following the month in which charges are accrued to the time of payment of those charges.

7.4 Billing Disputes This Section 7.4 establishes the process and timeframe for review, challenge, and correction of Customer invoices. For purposes of this Section 7.4, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

For purposes of this Section 7.4, "finalized" data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; provided, however, that nothing herein shall be construed to restrict any stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.

7.4.1 Settlement Cycle for Services Furnished Prior to January 1, 2007

7.4.1.A. Corrections or Adjustments to Settlement Information

Settlement information for services furnished prior to October 1, 2002, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twenty-four (24) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.4.1.C below. Settlement information for services furnished ~~beginning between~~ between October 1, 2002, and ~~thereafter~~ December 31, 2006, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twelve (12) months from the date of the initial ~~billing~~ invoice for the month in which service is rendered and as further provided in Sections 7.4.1.C below. The ~~NY~~ISO shall notify all Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.4.1.A.

7.4.1.B. Customer Challenges to the Accuracy of Settlement Information

After making any necessary corrections in accordance with Section 7.4.1.A., the ISO shall issue a corrected invoice for Customer review, clearly indicating the start of the Customer review period. In the event that the ISO determines no corrections to an invoice are necessary, it shall reissue the original invoice for Customer review, clearly indicating the start of the Customer review period. Customers shall then be permitted to review the accuracy of settlement information contained in the invoice for a period of: (i) twelve (12) months for invoices for services furnished prior to October 1, 2002, and (ii) four (4) months for invoices for services furnished ~~beginning between~~ between October 1, 2002, and ~~thereafter~~ December 31, 2006.

In order to challenge settlement information contained in an invoice, a Customer shall first make payment in full, including any amounts in dispute. Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Customer's challenge, and (iv) include supporting documentation, if applicable.

7.4.1.C. Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.4.1.B; *provided, however*, the ISO may, upon notice to Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge.

Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes of this Section 7.4.1.C. The ISO shall not be limited to the scope of Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice.

Corrections to a challenged invoice shall be applied to all Customers that were or should have been affected by the original settlement and shall not be limited to the Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Customers through Rate Schedule 1 of the Services Tariff.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary

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Effective: ~~May 24~~ January 1, 2006

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and can quantify them with reasonable certainty, the ISO shall provide all Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.4.1.C and shall then provide a period of twenty-five (25) days for Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Customer comment period, the ISO shall issue a finalized close-out Settlement ("Close-Out Settlement"), clearly

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Issued on: ~~September 18~~November 2, 2006

Effective: ~~May 24~~January 1, 20067

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. ER06-783-000 and ER06-783-001, issued July 12, 2006, 116 FERC ¶ 61,029 (2006).~~

identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Customers to review and comment on the implementation of those further corrections. The NYISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.4.2 Settlement Cycle for Services Furnished On and After January 1, 2007

7.4.2.A ISO Corrections or Adjustments and Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished beginning January 1, 2007, and thereafter shall be subject to review, comment, and challenge by a Customer and correction or adjustment by the ISO for errors in arithmetic, computation, or estimation at any time for up to seven (7) months from the date of the initial settlement invoice for the month in which the service is rendered and as further provided in Section 7.4.2.B below, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Generator and tie-line metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall

- then have five (5) days to process and correct Generator and tie-line metering data,
after which time it shall be finalized.
- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available
within seventy (70) days from the date of the initial invoice and shall provide any
necessary updates to the LSE bus metering data as soon as possible thereafter. The
ISO shall post all available LSE bus metering data within approximately seventy-one
(71) days from the date of the initial invoice and shall continue to post incoming LSE
bus metering data as soon as practicable after it is received.
- (iii) The ISO shall post advisory settlement information, including available LSE bus
metering data, within ninety (90) days from the date of the initial invoice. Customers
may review, comment on, and challenge this settlement information, after which the
ISO shall process and correct the data and issue a corrected invoice with the regular
monthly invoice issued on or about one hundred twenty (120) days from the date of
the initial invoice.
- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE
bus metering data within one hundred thirty (130) days from the date of the initial
invoice. The ISO shall then post any updated and corrected LSE bus metering data
within one hundred thirty-one (131) days from the date of the initial invoice.

Customers may then review, comment on, and challenge the LSE bus metering data for an additional fourteen (14) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

- (v) At one hundred fifty (150) days from the date of the initial invoice, the ISO shall post updated advisory settlement information. Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue an updated corrected invoice with the regular monthly invoice issued on or about one hundred eighty (180) days from the date of the initial invoice.
- (vi) Following the ISO's issuance of an updated corrected invoice, Customers may continue to review, comment on, and challenge settlement information, excepting Generator, tie-line, and LSE bus metering data, until the end of the seven-month review period.

The ISO shall use reasonable means to post metering revisions for review by Customers and to notify Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Customer shall first make payment in full, including any amounts in dispute. Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the

basis for the Customer's challenge, and (iv) include supporting documentation, if applicable.

The ISO shall notify all Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.4.2.A.

7.4.2.B Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.4.2.A; *provided, however,* the ISO may, upon notice to Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge.

Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes of this Section 7.4.2.B. The ISO shall not be limited to the scope of Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except load and meter data as specified in 7.4.2.A. Corrections to a challenged invoice shall be applied to all Customers that were or should have been affected by the original settlement and shall not be limited to the Customer challenging the invoice; *provided, however,* that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Customers through Rate Schedule 1 of the Services Tariff.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.4.2.B and shall then provide a period of twenty-five (25) days for Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Customer comment period, the ISO shall issue a finalized close-out Settlement ("Close-Out Settlement"), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Customers to review and comment on the implementation of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.4.3D. Settlement Information Not Subject to These Provisions

The provisions of this Section 7.4 shall not apply to settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the ISO OATT nor Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff. The NYISO shall make a filing with the

Commission regarding the timing for correcting and finalizing settlements calculated pursuant to these provisions and shall correct and finalize those settlements on the schedule directed by the Commission.

~~A Close Out Settlement shall not be subject to further correction by the ISO except as ordered by the Commission or a court of competent jurisdiction; *provided, however,* that nothing herein shall be construed to restrict any stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.~~

Attachment III

ensure that monies owed to Transmission Customers are paid in a timely manner, and the ISO shall be responsible for ensuring that such payments are made.

7.2 Interest on Unpaid Balances: Interest on any unpaid amount whether owed to a customer or to the ISO as trustee of the ISO Clearing Account (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a) (2) (iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt by the ISO.

If the ISO is unable to provide Settlement information on time due to the actions or inactions of, or caused by, the Transmission Customer, in addition to any other remedies the ISO may have at law or in equity, the Transmission Customer shall pay interest on amounts due, as calculated above, from the first day of the month following the month in which charges are accrued, to the time of payment of those charges.

7.2A Billing Disputes: This Section 7.2A establishes the process and timeframe for review, challenge, and correction of Transmission Customer invoices. For purposes of this Section 7.2A, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

For purposes of this Section 7.2A, “finalized” data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; *provided, however*, that nothing herein shall be construed to restrict any stakeholder’s right to seek redress from the Commission in accordance with the Federal Power Act.

7.2A.1 Settlement Cycle for Services Furnished Prior to January 1, 2007

7.2A.1a Corrections or Adjustments to Settlement Information

Settlement information for services furnished prior to October 1, 2002, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twenty-four

(24) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.1c below. Settlement information for services furnished between October 1, 2002, and December 31, 2006, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twelve (12) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.1c below. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.1a.

7.2A.1b Transmission Customer Challenges to the Accuracy of Settlement Information

After making any necessary corrections in accordance with Section 7.2A.1a, the ISO shall issue a corrected invoice for Transmission Customer review, clearly indicating the start of the Transmission Customer review period. In the event that the ISO determines no corrections to an invoice are necessary, it shall reissue the original invoice for Transmission Customer review, clearly indicating the start of the Transmission Customer review period. Transmission Customers shall then be permitted to review the accuracy of settlement information contained in the invoice for a period of: (i) twelve (12) months for invoices

for services furnished prior to October 1, 2002, and (ii) four (4) months for invoices for services furnished between October 1, 2002, and December 31, 2006.

In order to challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable.

7.2A.1c Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.2A.1b; *provided, however*, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes of this Section 7.2A.1c. The ISO shall not be limited to the scope of challenges in

invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Schedule 1 of the OATT.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.2A.1c and shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments. If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall issue a finalized close-out Settlement ("Close-Out Settlement"), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Transmission Customers to review and comment on the implementation

of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.2A.2 Settlement Cycle for Services Furnished On and After January 1, 2007

7.2A.2a ISO Corrections or Adjustments and Transmission Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished beginning January 1, 2007, and thereafter shall be subject to review, comment, and challenge by a Transmission Customer and correction or adjustment by the ISO for errors in arithmetic, computation, or estimation at any time for up to seven (7) months from the date of the initial settlement invoice for the month in which the service is rendered and as further provided in Section 7.2A.2b below, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Generator and tie-line metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall then have five (5) days to process and correct Generator and tie-line metering data, after which time it shall be finalized.

- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-one (71) days from the date of the initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.
- (iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice. Transmission Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120) days from the date of the initial invoice.
- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated

and corrected LSE bus metering data within one hundred thirty-one (131) days from the date of the initial invoice. Transmission Customers may then review, comment on, and challenge the LSE bus metering data for an additional fourteen (14) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

- (v) At one hundred fifty (150) days from the date of the initial invoice, the ISO shall post updated advisory settlement information. Transmission Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue an updated corrected invoice with the regular monthly invoice issued on or about one hundred eighty (180) days from the date of the initial invoice.
- (vi) Following the ISO's issuance of an updated corrected invoice, Transmission Customers may continue to review, comment on, and challenge settlement information, excepting Generator, tie-line, and LSE bus metering data, until the end of the seven-month review period.

The ISO shall use reasonable means to post metering revisions for review by Transmission Customers and to notify Transmission Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.2a.

7.2A.2b Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.2A.2a; *provided, however*, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes

of this Section 7.2A.2b. The ISO shall not be limited to the scope of challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except load and meter data as specified in 7.2A.2a. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Schedule 1 of the OATT.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.2A.2b and shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment

period, the ISO shall issue a finalized close-out Settlement (“Close-Out Settlement”), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Transmission Customers to review and comment on the implementation of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.2A.3 Settlement Information Not Subject to These Provisions

The provisions of this Section 7.2A shall not apply to settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the ISO OATT nor Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff. The NYISO shall make a filing with the Commission regarding the timing for correcting and finalizing settlements calculated pursuant to these provisions and shall correct and finalize those settlements on the schedule directed by the Commission.

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1

Original Sheet No. 83.01H

Reserved for future use.

Issued by: Mark S. Lynch, President
Issued on: November 2, 2006

Effective: January 1, 2007

Attachment IV

ensure that monies owed to Transmission Customers are paid in a timely manner, and the ISO shall be responsible for ensuring that such payments are made.

7.2 Interest on Unpaid Balances: Interest on any unpaid amount whether owed to a customer or to the ISO as trustee of the ISO Clearing Account (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a) (2) (iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt by the ISO.

If the ISO is unable to provide Settlement information on time due to the actions or inactions of, or caused by, the Transmission Customer, in addition to any other remedies the ISO may have at law or in equity, the Transmission Customer shall pay interest on amounts due, as calculated above, from the first day of the month following the month in which charges are accrued, to the time of payment of those charges.

7.2A Billing Disputes: This Section 7.2A establishes the process and timeframe for review, challenge, and correction of Transmission Customer invoices. For purposes of this Section 7.2A, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

For purposes of this Section 7.2A, “finalized” data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; *provided, however*, that nothing herein shall be construed to restrict any stakeholder’s right to seek redress from the Commission in accordance with the Federal Power Act.

7.2A.1 Settlement Cycle for Services Furnished Prior to January 1, 2007

7.2A.1a **Corrections or Adjustments to Settlement Information**

Settlement information for services furnished prior to October 1, 2002, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation; for up to twenty-four

(24) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.31c below. Settlement information for services furnished ~~beginning between~~ October 1, 2002, and ~~thereafter~~ December 31, 2006, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twelve (12) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.31c below. The NYISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.1a.

7.2A.1b Transmission Customer Challenges to the Accuracy of Settlement Information

After making any necessary corrections in accordance with Section 7.2A.1a, the ISO shall issue a corrected invoice for Transmission Customer review, clearly indicating the start of the Transmission Customer review period. In the event that the ISO determines no corrections to an invoice are necessary, it shall reissue the original invoice for Transmission Customer review, clearly indicating the start of the Transmission Customer review period. Transmission Customers shall then be permitted to review the accuracy of settlement information contained in the invoice for a period of: (i) twelve (12) months for invoices

for services furnished prior to October 1, 2002, and (ii) four (4) months for
invoices for services furnished ~~beginning between~~ beginning between October 1, 2002, and
~~thereafter~~ December 31, 2006.

In order to challenge settlement information contained in an invoice, a
Transmission Customer shall first make payment in full, including any amounts in
dispute. Transmission Customer challenges to settlement information shall: (i)
be submitted to the ISO in writing, (ii) be clearly identified as a settlement
challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv)
include supporting documentation, if applicable.

37.2A.1c. Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within
two (2) months following the conclusion of the challenge period specified in
Section 7.2A.~~21b~~; *provided, however*, the ISO may, upon notice to Transmission
Customers within this time of extraordinary circumstances requiring a longer
evaluation period, take up to six (6) months to evaluate a settlement challenge.
Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO
Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer
settlement challenge shall constitute an extraordinary circumstance for purposes
of this Section 7.2A.~~31c~~. The ISO shall not be limited to the scope of challenges
in

invoice; provided, however, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Schedule 1 of the OATT.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.2A.31c and shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments. If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall issue a finalized close-out Settlement ("Close-Out Settlement"), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Transmission Customers to review and comment on the implementation

of those further corrections. The NYISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.2A.2 Settlement Cycle for Services Furnished On and After January 1, 2007

7.2A.2a ISO Corrections or Adjustments and Transmission Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished beginning January 1, 2007, and thereafter shall be subject to review, comment, and challenge by a Transmission Customer and correction or adjustment by the ISO for errors in arithmetic, computation, or estimation at any time for up to seven (7) months from the date of the initial settlement invoice for the month in which the service is rendered and as further provided in Section 7.2A.2b below, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Generator and tie-line metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall then have five (5) days to process and correct Generator and tie-line metering data, after which time it shall be finalized.

- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-one (71) days from the date of the initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.
- (iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice. Transmission Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120) days from the date of the initial invoice.
- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated

and corrected LSE bus metering data within one hundred thirty-one (131) days from the date of the initial invoice. Transmission Customers may then review, comment on, and challenge the LSE bus metering data for an additional fourteen (14) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

(v) At one hundred fifty (150) days from the date of the initial invoice, the ISO shall post updated advisory settlement information. Transmission Customers may review, comment on, and challenge this settlement information, after which the ISO shall process and correct the data and issue an updated corrected invoice with the regular monthly invoice issued on or about one hundred eighty (180) days from the date of the initial invoice.

(vi) Following the ISO's issuance of an updated corrected invoice, Transmission Customers may continue to review, comment on, and challenge settlement information, excepting Generator, tie line, and LSE bus metering data, until the end of the seven-month review period.

The ISO shall use reasonable means to post metering revisions for review by Transmission Customers and to notify Transmission Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.2a.

7.2A.2b Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.2A.2a; provided, however, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes

of this Section 7.2A.2b. The ISO shall not be limited to the scope of challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except load and meter data as specified in 7.2A.2a. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Schedule 1 of the OATT.

If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.2A.2b and shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment

period, the ISO shall issue a finalized close-out Settlement (“Close-Out Settlement”), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Transmission Customers to review and comment on the implementation of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.2A.34. Settlement Information Not Subject to These Provisions

The provisions of this Section 7.2A shall not apply to settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the ISO OATT nor Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff. The NYISO shall make a filing with the Commission regarding the timing for correcting and finalizing settlements calculated pursuant to these provisions and shall correct and finalize those settlements on the schedule directed by the Commission.

~~A Close Out Settlement shall not be subject to further correction by the ISO
except as ordered by the Commission or a court of competent jurisdiction; *provided,*
however, that nothing herein shall be construed to restrict any stakeholder's right to seek
redress from the Commission in accordance with the Federal Power Act.~~

Reserved for future use.